Editors' Preface to Macmillan Studies in Economics

The rapid growth of academic literature in the field of economics has posed serious problems for both students and teachers of the subject. The latter find it difficult to keep pace with more than a few areas of their subject, so that an inevitable trend towards specialism emerges. The student quickly loses perspective as the maze of theories and models grows and the discipline accommodates an increasing amount of quantitative techniques.

'Macmillan Studies in Economics' is a new series which sets out to provide the student with short, reasonably critical surveys of the developments within the various specialist areas of theoretical and applied economics. At the same time, the studies aim to form an integrated series so that, seen as a whole, they supply a balanced overview of the subject of economics. The emphasis in each study is upon recent work, but each topic will generally be placed in a historical context so that the reader may see the logical development of thought through time. Selected bibliographies are provided to guide readers to more extensive works. Each study aims at a brief treatment of the salient problems in order to avoid clouding the issues in detailed argument. Nonetheless, the texts are largely self-contained, and presume only that the student has some knowledge of elementary micro-economics and macro-economics.

Mathematical exposition has been adopted only where necessary. Some recent developments in economics are not readily comprehensible without some mathematics and statistics, and quantitative approaches also serve to shorten what would otherwise be lengthy and involved arguments. Where authors have found it necessary to introduce mathematical techniques, these techniques have been kept to a minimum. The emphasis is upon the economics, and not upon the quantitative methods. Later studies in the series will provide analyses of the links between quantitative methods, in particular econometrics, and economic analysis.

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Macmillan Education

ISBN 978-0-333-12702-5

ISBN 978-1-349-01238-1 (eBook)

DOI 10.1007/978-1-349-01238-1

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First published 1972 by
THE MACMILLAN PRESS LTD
London and Basingstoke
Associated companies in New York Toronto
Dublin Melbourne Johannesburg and Madras

SBN 333 12702 1

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Preface and Acknowledgements

The theory of investment behaviour is still in a state of flux. On the one hand it is dependent on the theory of capital¹ (which is a controversial field which I shall try to avoid) and on the other hand it is related to the theory of growth and technical change. Recent work on investment has led to some exciting developments in the dynamic aspects of microeconomic theory as well as in the theory and estimation of distributed lags.

I shall, in this short survey, look at the theories which have been put forward to explain private investment in a capitalist economy. I shall also limit the survey by ignoring investment in inventories and in housing. The emphasis will lie on the more recent theoretical work, since much of the empirical literature is made rapidly obsolescent by new developments. I shall assume that students are familiar with the chapters on investment in the usual undergraduate textbooks.

I should like to thank Professors A. B. Atkinson, C. J. Bliss, F. P. R. Brechling, D. Hamermesh, and Messrs J. Cameron and T. Russell for helpful comments. I am alone responsible for sins of omission and commission. I would also like to thank Miss Jill Adlington for doing an excellent job in typing the manuscript.

¹ Interested students should look at *Capital and Growth*, edited by Harcourt and Laing [27].